

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-02 INR-10
L-03 NSAE-00 PA-02 SP-02 SS-15 AID-05 EB-08
OMB-01 COME-00 TRSE-00 STR-07 EA-12 AGRE-00 OES-07
DOE-15 SOE-02 DOEE-00 HA-05 ICAE-00 NSCE-00
INRE-00 SSO-00 /116 W

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC IMMEDIATE 9931

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EO 11652: N/A

TAGS: OVIP (VANCE, CYRUS), MX

SUBJECT: SECRETARY'S VISIT - JOINT REPORT ON STATUS OF
U.S.-MEXICO CONSULTATIVE MECHANISM

1. IN MEETING AT FONOFF TODAY MEXICAN SIDE REQUESTED
CHANGES IN TEXT TO JOINT REPORT TO BE AGREED UPON DURING
SECRETARY'S VISIT. THEY COMPRISE REPLACEMENT LANGUAGE
FOR ENERGY AND TRADE SUBGROUPS AND WERE HANDED TO US AT
END OF MEETING WITH NO CHANCE FOR DISCUSSION. FOLLOWING
IS OUR TRANSLATION OF SPANISH TEXT:

A. TRADE SUBGROUP

IN ACCORDANCE WITH THE AGREEMENTS REACHED BY THE HEADS OF
STATE OF MEXICO AND THE U.S. OF AMERICA IN FEBRUARY
1977 IN WASHINGTON D.C. THE FIRST MEETING OF THE SUB-
GROUP ON TRADE WAS HELD IN JULY 1977, WITH THE DELE-
GATIONS BEING HEADED BY LIC. HECTOR HERNANDEZ CERVANTES,
SUBSECRETARIO DE COMERCIO EXTERIOR DE MEXICO AND BY AMB.
ALLAN WOLFF, ALTERNATE SPECIAL REPRESENTATIVE OF THE
UNITED STATES FOR TRADE NEGOTIATIONS.

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THE FOLLOWING TOPICS WERE TREATED:

1. THE OBJECTIVES OF THE SUBGROUP WERE DEFINED.
2. TRADE BETWEEN BOTH COUNTRIES WAS ANALYZED.
3. BOTH GOVERNMENTS WILL STUDY THE EVALUATION OF ITS

EXTERNAL TRADE POLICIES IN THE LIGHT OF THE CURRENT ECONOMIC SITUATION.

4. THE EVALUATION OF THE MULTILATERAL TRADE NEGOTIATIONS WAS ANALYZED PARTICULARLY WITH REFERENCE TO THE INTERESTS OF THE DEVELOPING COUNTRIES, AMONG THEM MEXICO, AND IN ACCORDANCE WITH THE SPECIAL AND MORE FAVORED TREATMENT MENTIONED IN THE DECLARATION OF TOKYO.

5. IT WAS AGREED TO PUT TOGETHER A DRAFT WITH A VIEW TO WRITING AN AGREEMENT ON TROPICAL PRODUCTS.

6. THE PREFERENTIAL TRADE SCHEME OF THE U.S. AND ITS IMPLICATIONS FOR MEXICO WERE ANALYZED.

7. PROBLEMS RELATED TO THE MEXICAN EXPORTS OF THE IN-BOND INDUSTRY (TSUS 806.30 AND 807.00) WERE DISCUSSED.

A) INADEQUATE ACCOUNTING OF THE VALUE OF THE EXPORTS OF IN-BOND INDUSTRIES WHICH BENEFIT FROM GSP(AS RELATED TO COMPETITIVE NEED LIMITS)

B) INADEQUATE ACCOUNTING OF IN-BOND INDUSTRIES EXPORTS OF TEXTILE PRODUCTS FOR THE PURPOSES OF EXISTING QUOTAS OF THE BILATERAL TEXTILE AGREEMENT BETWEEN MEXICO AND THE U.S.
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8. IT WAS AGREED TO STUDY SPECIAL MECHANISMS FOR THE ENCOURAGEMENT OF MEXICAN AGRICULTURAL PRODUCTS TO THE U.S. MARKET.

9. SPECIFIC PROBLEMS OF MEXICAN PRODUCTS THAT ARE HAVING DIFFICULTIES IN THE U.S. MARKET OWING TO MEASURES ADOPTED BY THE U.S. GOVERNMENT WERE BROUGHT UP.

10. THE INTERNATIONAL SITUATION OF SOME BASIC PRODUCTS WAS ANALYZED PARTICULARLY AS RELATED TO NEGOTIATION TAKING PLACE IN VARIOUS INTERNATIONAL ORGANISMS.

11. THE BASIC ACTION IN 1977 GROWING OUT OF THE PRESIDENTIAL AGREEMENTS AND THE OBJECTIVES OF THE SUBGROUP WAS THE NEGOTIATION AND SIGNING OF THE TRADE AGREEMENT BETWEEN THE ESTADOS UNIDOS MEXICANOS AND THE UNITED STATES OF AMERICA. THIS AGREEMENT IS IMPORTANT BECAUSE IT IS THE FIRST TRADE AGREEMENT CELEBRATED BETWEEN THE TWO COUNTRIES IN THE LAST 30 YEARS; IT IS THE FIRST CONCRETE RESULT ACHIEVED BETWEEN ANY TWO COUNTRIES WITHIN THE MULTILATERAL TRADE NEGOTIATIONS

TAKING PLACE IN GENEVA UNDER THE AUSPICES OF GATT AND FOLLOWING THE DIRECTIVES CONTAINED IN THE DECLARATION OF TOKYO WITH RESPECT TO SPECIAL TREATMENT FOR DEVELOPING COUNTRIES. IT ALSO CONSTITUTES MEXICO'S CONTRIBUTION TO THESE NEGOTIATIONS AND IT IS THE FIRST CONCRETE EXPRESSION OF THE OBJECTIVES ESTABLISHED BY THE PRESIDENTS OF MEXICO AND THE U.S. TO STRENGTHEN ECONOMIC AND COMMERCIAL TIES AND TO SEEK MUTUALLY SATISFACTORY SOLUTIONS TO COMMERCIAL PROBLEMS ARISING IN MUTUAL TRADE.

IF THE TRADE AGREEMENT REPRESENTS AN ADVANCE FOR THE EXPANSION OF MEXICAN EXPORTS TO THE U.S., THERE REMAIN

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UNRESOLVED MATTERS OF CONSIDERABLE IMPORTANCE. THESE MATTERS WILL HAVE TO BE AIRED DURING THE SECOND MEETING OF THE TRADE SUBGROUP TO TAKE PLACE IN MEXICO CITY ON MAY 11-12 FUNDAMENTALLY WITH RESPECT TO THE PETITIONS OF MEXICO WITH RESPECT TO PREFERENCES, IN-BOND INDUSTRIES, AND SUPPLY OF AGRICULTURAL PRODUCTS.

AT THIS MEETING BOTH PARTIES SHOULD ALSO CONSIDER SPECIFIC PROBLEMS OF PARTICULAR MEXICAN PRODUCTS WHOSE EXPORT TO THE U.S. IS BEING AFFECTED BY MEASURES TAKEN BY THE U.S. GOVERNMENT, PARTICULARLY, STEEL, CATTLE AND RAILWAY CARS.

FINALLY, TAKING INTO ACCOUNT THE INTEREST EXPRESSED BY BOTH PARTIES THE INTEGRATED PROGRAM FOR BASIC COMMODITIES WITH PARTICULAR REFERENCE TO THE ESTABLISHMENT OF A COMMON FUND, WILL BE ANALYZED.

C. SUBGROUP ON INDUSTRY, INVESTMENTS, ENERGY AND MINERALS

BENEFICIAL EXCHANGE OF USE WAS HELD IN JULY IN CONSECUTIVE MEETINGS CONCERNING THE ENERGY POLICIES OF BOTH COUNTRIES, UNCLASSIFIED

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TAKING INTO ACCOUNT EXPERIENCE IN RESEARCH AND DEVELOPMENT OF GEOTHERMAL AND SOLAR ENERGY, COAL BURNING TECHNIQUES, AS WELL AS INCREASED EFFICIENCY IN THE USE OF FUELS.

SEVERAL ROUNDS OF DISCUSSIONS WERE HELD ON THE PROSPECTS OF MEXICAN NATURAL GAS EXPORTS TO THE U.S. NEVERTHELESS, THIS MATTER IS IN TEMPORARY SUSPENSION BECAUSE THE U.S. HAS NOT COMPLETED LEGISLATION ON ITS DOMESTIC ENERGY PROGRAM AND AS A CONSEQUENCE THE AMERICAN GOVERNMENT HAS NOT AUTHORIZED TO THE IMPORTING COMPANIES THE PRICE AGREED WITH PEMEX.

THE SUBGROUP ALSO CARRIED OUT DISCUSSIONS CONCERNING THE ROLE OF PRIVATE AND FOREIGN INVESTMENT IN MEXICO IN ITS MEETING IN JULY, AS WELL AS IN AN AD-HOC MEETING THAT TOOK PLACE IN NOVEMBER IN WASHINGTON, D.C. IN THIS CONTEXT, THE MEXICAN DECREE FOR THE DEVELOPMENT OF THE AUTOMOBILE INDUSTRY AND THE LAWS ON INVESTMENTS AND TRADE MARKS WERE EXPLAINED IN DETAIL BY THE MEXICAN GOVERNMENT EMPHASIZING THE POLICY WITH RESPECT TO FOREIGN INVESTMENTS IN THESE AREAS.

IN NOVEMBER, THE MEXICAN DELEGATION VISITED IN WASHINGTON ITS COUNTERPART CONCERNING ANTI-MINORITY REGULATION. IN MARCH, A U.S. DELEGATION HELD DISCUSSIONS IN MEXICO ON THE SAME POINT, HAVING THUS INITIATED A USEFUL EXCHANGE OF VIEWS ON ANTI-MONOPOLY REGULATIONS.

2. LANGUAGE ON INTERCHANGE OF VISITS BY ANTI-TRUST EXPERTS IN IMMEDIATELY PRECEDING PARAGRAPH IS INTENDED TO REPLACE LAST TWO SENTENCES OF PARAGRAPH A OF REPORT OF SOCIAL WORKING GROUP WHICH DEALS WITH SAME SUBJECT. UNCLASSIFIED

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3. MEETING TO FINALIZE VISIT ARRANGEMENTS AND DOCUMENTS SCHEDULED TO BE HELD TUESDAY, MAY 2 AND WE

HOPE WE CAN HAVE DEPARTMENT'S COMMENTS PRIOR TO MEETING.
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